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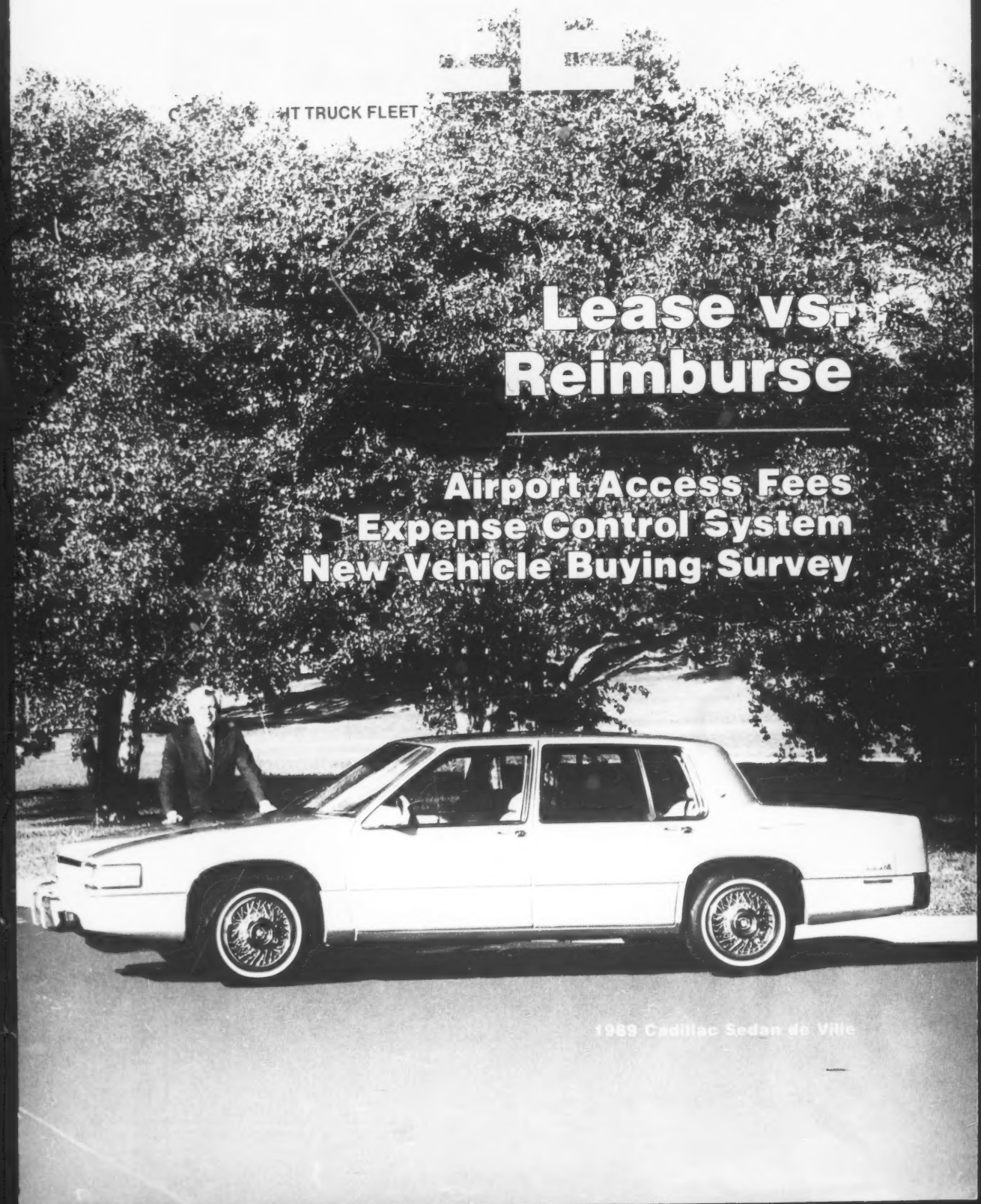


Lease vs. Reimburse

Airport Access Fees
Expense Control System
New Vehicle Buying Survey

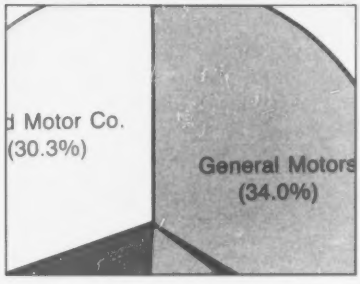
1989 Cadillac Sedan de Ville

automotive
FLEET
CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

BOBIT PUBLISHING

NOVEMBER 1988
VOL. 28, NO. 1

Influencing the management of 4,720,000 cars and 2,000,000 light trucks and vans in business, leasing, rental, utility, government, police and taxi fleets.



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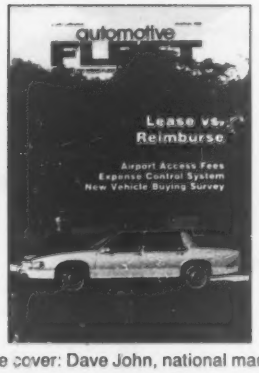

On the cover: Dave John, national manager of fleet and leasing for Cadillac, stands behind the restyled 1989-model Sedan de Ville.

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The Hertz Corp. Chairman Frank Olson argues in favor of imposing gross receipts fees on off-airport car-rental operators.

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This financial institution's Concord, CA automotive services facility maintains a fleet of 1,850 cars, light trucks, and vans.

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INDUSTRY STUDY

In the 1989-model year, fleet managers will acquire 126,668 new vehicles worth $1.6 billion. In this year's acquisition survey, managers speak out on fleet option packages and why they purchase the vehicles they do.

NAFA's 1989 New Vehicle Acquisition Survey

Fleets in the United States and Canada will purchase or lease more than 126,000 1989-model year vehicles — at a cost of more than $1.6 billion — during the upcoming months, according to results of NAFA's most recent New Vehicle Acquisition Survey.

Of the 126,668 1989-model year vehicles being purchased or leased, fleet managers said 73 percent will be automobiles, 14 percent will be light-duty trucks, and 13 percent will be vans.

Managers said they expect to pay an average of $12,804 for each car, $13,346 for each light-duty truck, and $13,352 for each van. At those costs, fleets will pay a total of $1,640,637,394 for the 1989 vehicles they purchase.

Fleet managers already placing orders for 1989 models (more than half of respondents claim to order and take delivery of new vehicles in the fall) reported that General Motors Corp. received 34 percent of their orders, Ford Motor Co. 30.3 percent, and Chrysler Motors 18.1 percent. A little over 16 percent did not indicate make since driver selector lists were still outstanding.

Import manufacturers (Acura, American Isuzu, Honda, Hyundai, Mazda, Mitsubishi, Nissan, Subaru, and Volkswagen) combined will

Survey Respondents

Commercial Fleets Responding		
Industrial Manufacturing	61	
Insurance	56	
Consumer Manufacturing	52	
Drugs & Cosmetics	47	
Chemical & Petroleum	36	
Food & Beverage	34	
Service Organization	28	
Banking/Financial	18	
Communications	14	
Electronics	7	
Other	16	
Total Commercial Fleets Responding	369	(77.5%)
Public Service Fleets Responding		
Government	48	
Public Utility	37	
Law Enforcement	22	
Total Public Service Fleets Responding	107	(22.5%)
Total Fleets Responding	**476**	**(100%)**

Figure 1.

receive less than one percent of all 1989-model year fleet orders, according to responding fleet managers.

Most of the responding fleets (61 percent) do not plan any changes in their fleet size or buying/leasing policies within the next year. Of those who do plan changes, however, nine percent said they will lease vehicles they previously purchased, three percent said they will purchase vehicles they previously leased, and one percent said they will divest most of their fleet to employee ownership. Also, of those planning changes, 21 percent said they will increase the size of their fleet while five percent said they will decrease the size of their fleet.

Similarly, 92 percent of the respondents said they do not plan a

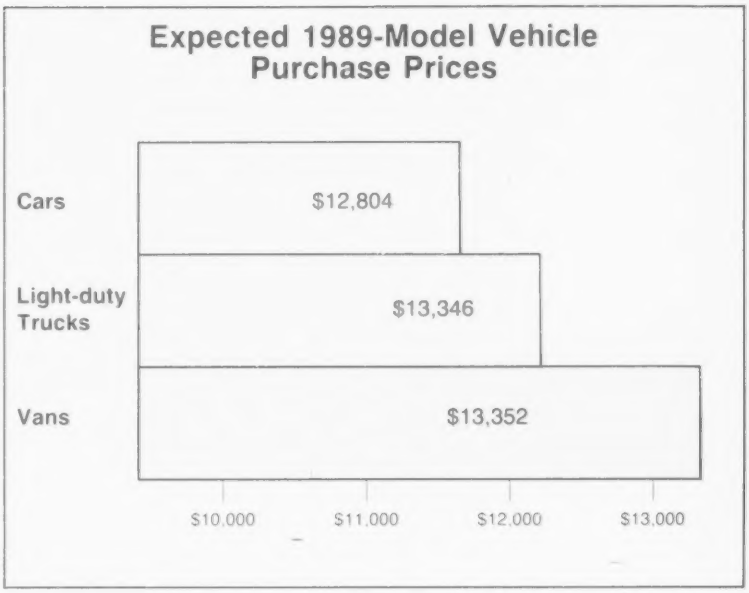

Figure 2.

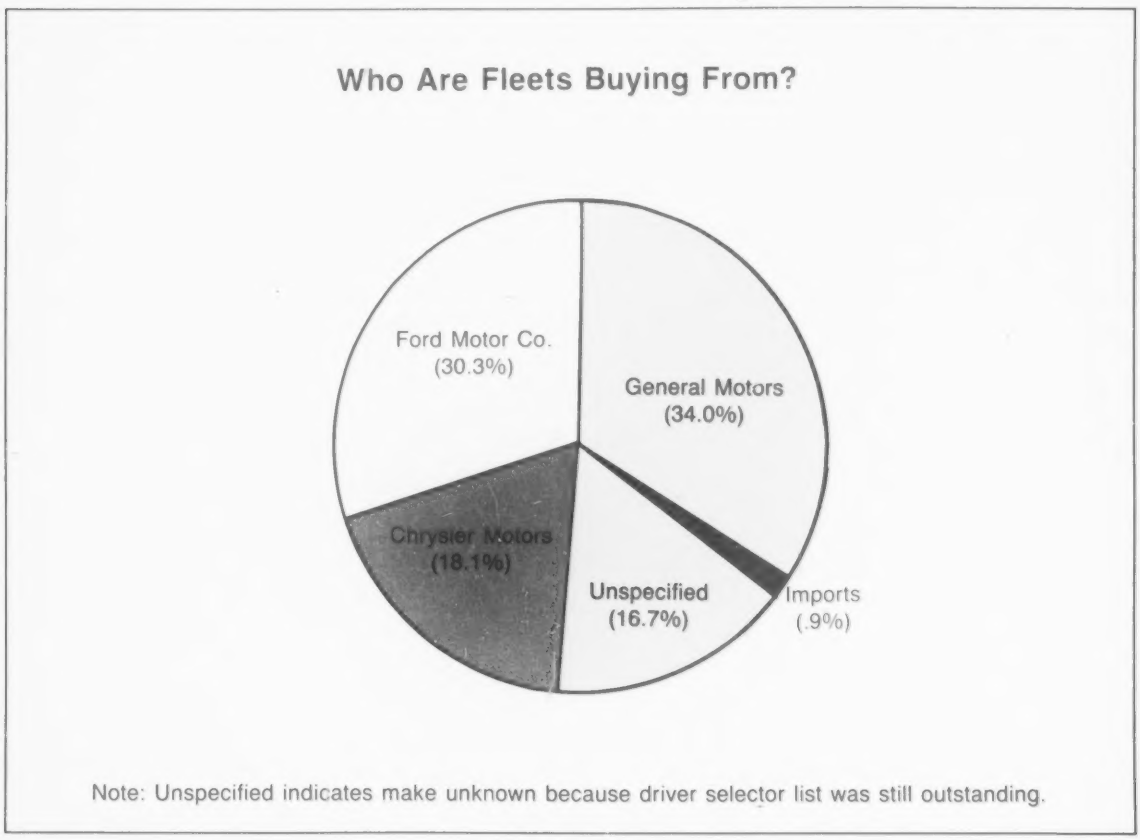
Who Are Fleets Buying From?
Ford Motor Co. (30.3%)
General Motors (34.0%)
Chrysler Motors (18.1%)
Unspecified (16.7%)
Imports (.9%)
Note: Unspecified indicates make unknown because driver selector list was still outstanding.

Figure 3.

change in the size or type of vehicles in their fleets. The most frequent response by those planning changes in either of these areas was a move from mid-size to compact units (this response however, was given by only one percent of respondents.)

Imports in Fleets

For 279 fleet managers "an unwritten, but perceived, buy North American policy" was the reason given for *not* ordering import vehicles for their fleets. Fifty-four fleet managers said they, personally, would rather buy North American vehicles for their fleets but that their company has no written or perceived "buy North American" policy. And 53 fleets, most in the public service sector, have corporate or agency written policies against buying import vehicles. Among other reasons given for not purchasing imports for fleet use were high initial cost, incompatibility for job applications, size (too small), service difficulties, high repair costs, and poor means of distribution.

For the few fleet managers purchasing imports, the most often cited reason for doing so was "driver preference." Other reasons given were better quality/workmanship, lower cost, better fuel economy, higher resale value, and better overall value.

Fleet Options Packages

After all the controversy, exactly how have "mandatory" option packages affected fleet operations?

From a vehicle selection standpoint, option packages seem to have had some effect on which vehicles fleet managers use in their fleets, but

Why Fleet Managers Choose Specific Vehicles?

For the fifth consecutive year, a vehicle's initial cost is the most important factor fleet managers take into consideration when choosing vehicles for the fleet's, according to survey results.

When asked to rank several factors taken into consideration when ordering new model-year vehicles, fleet managers gave "Initial Cost," an average score of 1.722, with a score of "1" being the highest possible ranking and "7" being the lowest possible ranking. "Economy of Operation" rated an average of 2.884; "Depreciation/ Resale Value/Holding Cost" 2.926, and "Serviceability/Ease of Maintenance" 2.971. Next were "Fringe Benefit/Driver Satisfaction" at 4.175; "Company Prestige" 4.954, and "Administrative Ease" 5.362.

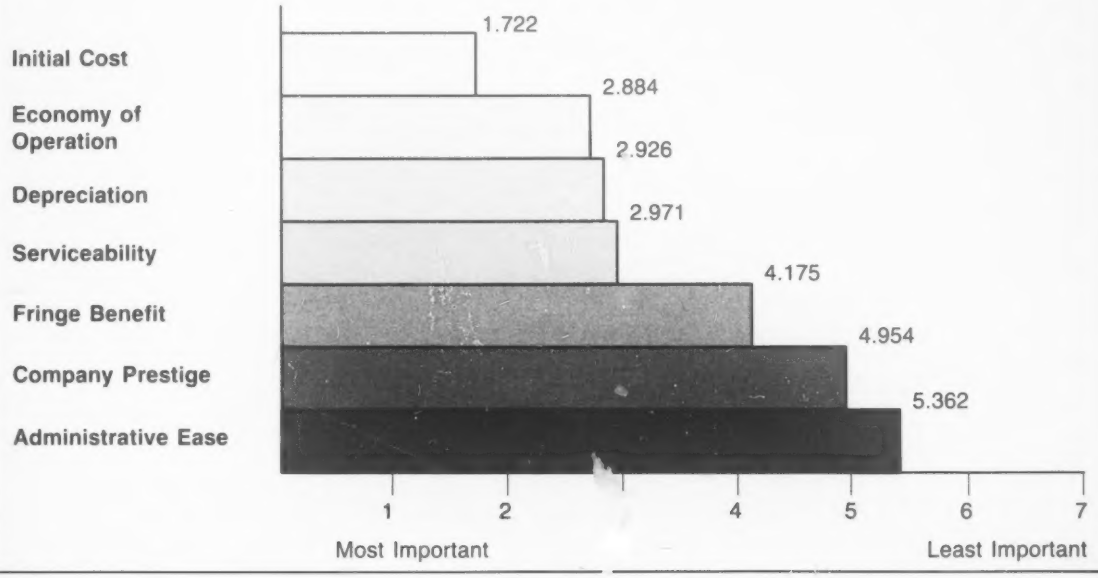

Figure 4.

not enough to completely disqualify a vehicle from their selector lists, according to results.

Sixty-eight percent of fleet managers saying option packages affected their vehicle selection said they chose the same vehicle as in the past, but with more equipment, while eight percent chose the same vehicle with less equipment. In other words, nearly three-quarters of these respondents were "brand-loyal," suggesting a strong sense of faithfulness to both the vehicle model and manufacturer. (Eighteen percent of these respondents said they chose a different model or manufacturer than in the past to get the desired optional equipment.)

From a cost standpoint, 62 percent of responding fleet managers said option packages have caused them to pay more money than in the past for optional equipment.

Options Wish List

If fleet managers could have their choice of options in a vehicle, here's what they would have, according to survey results:

- Power Brakes
- Automatic Transmission
- Dual Side Mirrors
- Power Steering
- Air Conditioning
- Tinted Glass
- All-Season Tires
- Floor Mats
- Rear Defroster
- Fuel Injection
- Pulse Wipers
- AM/FM Radio

Those options not high on fleet managers' wish lists, according to results, are cellular phone, vinyl roof, power gas cap release, mud guards, power seats, power trunk release, optional paint, power windows, four-cylinder engine, AM/FM cassette stereo, power door locks, and split front seat.

Respondent Demographics

NAFA's 1989-Model Year New Vehicle Acquisition Survey received responses from 476 fleet managers, 414 from the United States and 62 from Canada. More than three-quarters of the responses (369) were from commercial fleets, with the remaining from public service fleets.

All told, responding fleets control 477,909 vehicles, 242,470 company-owned, and 235,439 leased. Fifty-nine percent of these vehicles are automobiles, 19 percent are light-duty trucks, 13 percent are vans, and nine percent are "other" vehicles such as heavy-duty trucks. AF

Options by Vehicle Type/Size

If they could, here are the options fleet managers would have on specific size/type vehicles.

Compact	Mid-Size	Light-Duty Truck	Minivan
Air Conditioning	Air Conditioning	Air Conditioning	Air Conditioning
All-Season Tires	All-Season Tires	All-Season Tires	All-Season Tires
AM/FM Radio	AM/FM Radio	AM/FM Radio	AM/FM Radio
Automatic Transmission	Automatic Transmission	Automatic Transmission	Automatic Transmission
Dual Side Mirrors	Dual Side Mirrors	Dual Side Mirrors	Dual Side Mirrors
Floor Mats	Floor Mats	Floor Mats	Floor Mats
Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection
Power Brakes	Power Brakes	Power Brakes	Power Brakes
Power Steering	Power Steering	Power Steering	Power Steering
Pulse Wipers	Pulse Wipers	Pulse Wipers	Pulse Wipers
Rear Defroster	Rear Defroster	Tinted Glass	Rear Defroster
Tinted Glass	Tinted Glass	Six-Cylinder Engine	Tinted Glass
Four-Cylinder Engine	Six-Cylinder Engine	Other*	Six-Cylinger Engine
	Cruise Control		Cruise Control
	Tilt Wheel		

*(e.g., Eight-cylinder engine; heavy-duty suspension; interior light system; dual edge guards; cloth seats; instrument panel package; diesel engine, and full spare tire.)

Figure 5.

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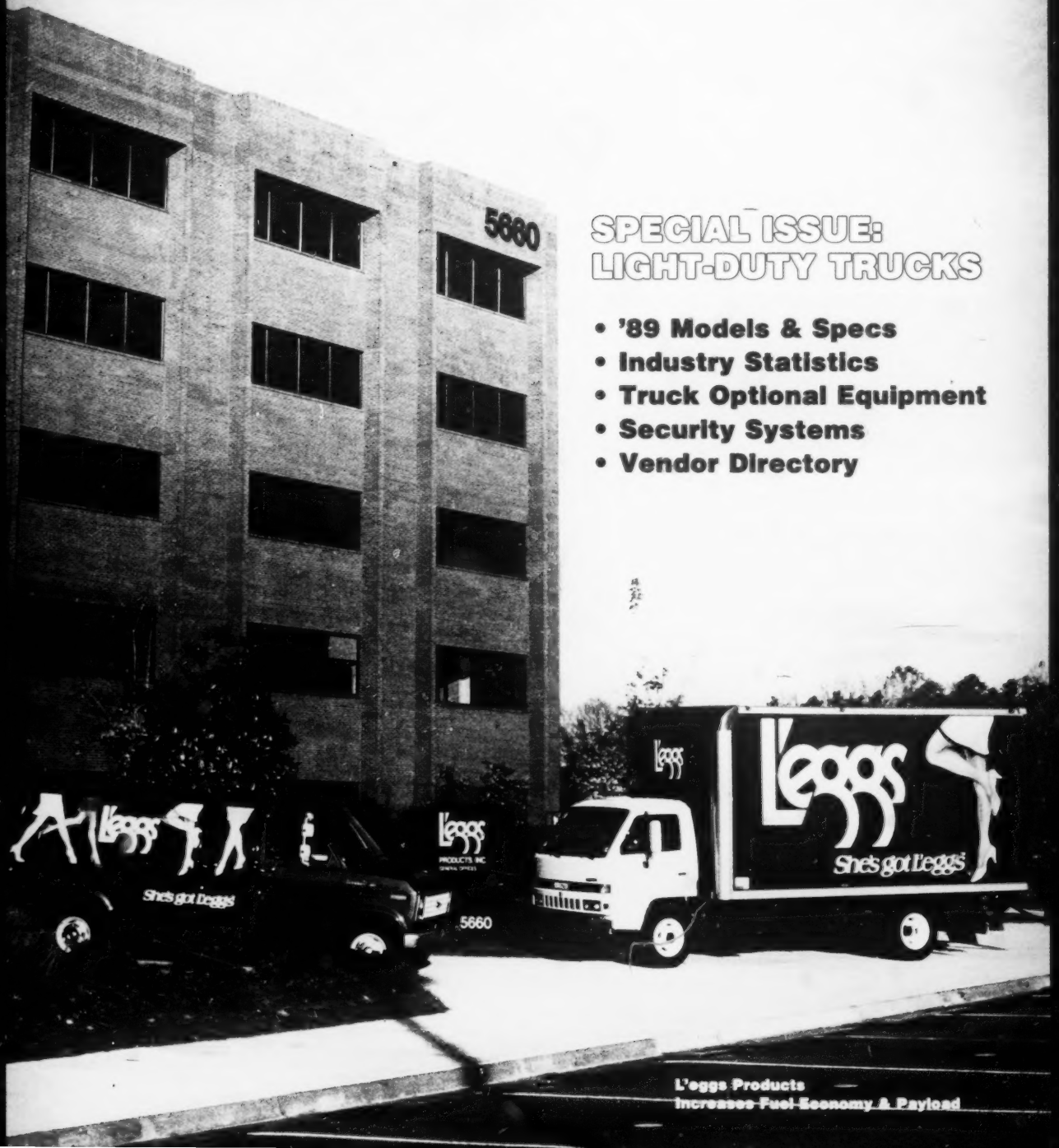

SPECIAL ISSUE: LIGHT-DUTY TRUCKS

- '89 Models & Specs
- Industry Statistics
- Truck Optional Equipment
- Security Systems
- Vendor Directory

L'eggs Products Increases Fuel Economy & Payload

automotive
FLEET
CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

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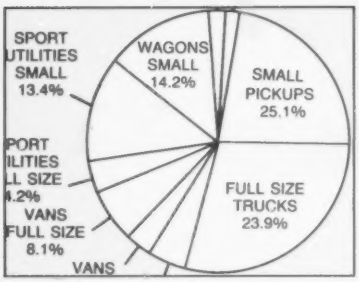
Influencing the management of 4,720,000 cars and 2,000,000 light trucks and vans in business, leasing, rental, utility, government, police and taxi fleets.



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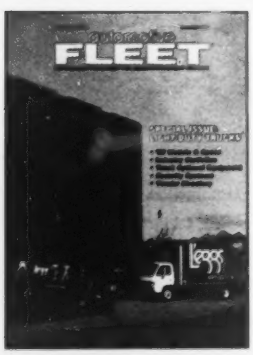

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